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March 20, 2017

POSTAL REGULATORY
COMMISSION
OFFICE OF THE SECRETARY

The Honorable Robert Taub, Chairman
The Honorable Mark Acton, Vice Chairman
The Honorable Tony Hammond, Commissioner
The Honorable Nanci E. Langley, Commissioner
Postal Regulatory Commission
901 New York Avenue NW
Suite 200
Washington, D.C. 20268

Dear Mr. Chairman and Commissioners:

I write regarding the Postal Regulatory Commission's review of the postal rate system for market dominant rates as required by the Postal Accountability and Enhancement Act of 2006 (PAEA).¹ A market dominant product is one for which the United State Postal Service has enough market power such that it can effectively set prices above costs or alter the quality without risk of losing significant business.² I am interested in the outcome of this review, as it will have a major impact on the Postal Service, the mailing industry, and postal customers.

The review requires the Commission to consider whether the current rate system for market dominant products has adequately met the objectives and factors outlined in PAEA. These objectives and factors are intended to balance the needs of the Postal Service, businesses who utilize the mail, and the American public.³ PAEA also requires the Commission to review the consumer-price-index-based cap on rates after ten years to ensure the system is balancing the needs of all stakeholders. The law directs the Commission to modify or adopt an alternative rate system "as necessary to achieve the objectives" of the law, giving the Commission the full authority to make whatever changes it deems appropriate.⁴

I applaud the Commission's work in laying out a clear timetable for its rate review. In September 2016, the Commission announced that it would release its findings of the rate review, as well as any applicable rule-making information dependent on those findings, sometime in early autumn 2017.⁵ In February 2017, Chairman Robert Taub testified before the House Committee on Oversight and Government Reform that the Commission was on target to meet

¹ 39 U.S.C. § 3622 (d)(3) (Pub. L. No. 109-435).

² 39 U.S.C. §3642 (b)(1) (Pub. L. No. 109-435).

³ 39 U.S.C. § 3622 (b)-(c) (Pub. L. No. 109-435).

⁴ 39 U.S.C. § 3622 (d)(3) (Pub. L. No. 109-435).

⁵ Press Release, Postal Regulatory Commission, PRC Announces Plan for 10-year Review of System of Regulating Rates and Classes for Market Dominant Products (Sept. 1, 2016) *available at* <https://www.prc.gov/sites/default/files/pr/Public%20Notice.%2010%20yr%20Review%20%282%29.pdf>

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this goal.⁶ Chairman Taub testified that the Commission anticipated implementing any new rules resulting from the rate review by early 2018.⁷

While the rate review process is burdensome, I urge you to complete the review and release your findings as expeditiously as possible and to maintain your anticipated schedule. I am hopeful that the Commission will be able to give the rate review the appropriate consideration it needs in a timely manner. Doing otherwise could further jeopardize the financial viability of the Postal Service and create greater uncertainty among the businesses and communities that depend on it.

Sincerely,



Ron Johnson
Chairman

cc: The Honorable Claire McCaskill
Ranking Member

⁶ Accomplishing Postal Reform in the 115th Congress: Hearing on H.R. 756, the Postal Service Reform Act of 2017 Before the H. Comm on Oversight and Gov't Reform, 115 Cong. (2017) (testimony of Robert Taub, Chairman, Postal Regulatory Commission).

⁷ *Id.*